

HB 124 CREATE STATE-LEVEL HEALTH INSURANCE EXCHANGE

A bill to create a Montana Health Insurance Exchange for individuals and small businesses.

What is an Exchange?

An Exchange is an **online marketplace** for individuals and small businesses to easily compare rates, benefits and quality among health plans and facilitate the purchase of qualified health plans.

Because plans are placed in tiers based on out-of-pocket costs, consumers can **compare plans on an apples-to-apples basis**.

All plans sold in the individual or small business Exchange are offered by **private companies**. It is **not a government-run plan or public insurance option**.

In the Montana Exchange, individuals and small businesses will have access to tax credits and subsidies to help them afford coverage. Small businesses will experience pooling similar to large businesses, which should reduce costs and expand coverage options.

What does HB 124 do?

The main purpose of HB 124 is to *establish a governance structure* for the Exchange.

HB 124 proposes a quasi-governmental Exchange Authority Board that is attached to the Office of the Montana Commissioner of Securities and Insurance. The bill explains the Board appointment process and outlines the duties of the Board. The bill also assigns the duties of the Commissioner.

To ensure the Montana Exchange is successful, it should be set up to attract healthy and unhealthy individuals. HB 124 suggests ways to limit adverse selection inside and outside the Exchange to accomplish drawing all types of risk.

The Exchange must attract small businesses and their employees to be viable. HB 124 uses the Utah model of a defined contribution to help bring more small businesses into the Exchange.

The CSI received a federal grant to plan for the Montana Exchange. Other federal grants for implementation will be available in the Spring of 2011. After 2015, the Montana Exchange must be self-sustaining through insurer assessments. The Montana Exchange will not negatively impact the state budget.

During the drafting process, the CSI gathered comments from health insurance companies, providers, small businesses and consumer groups during numerous meetings.

What happens if the bill is not passed?

If Montana does not demonstrate significant progress toward implementation of a state-run Exchange by January 1, 2013, the

U.S. Department of Health and Human Services will establish a federal Exchange in Montana either directly or through a contract with a nonprofit.